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Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-18-04

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Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2003

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FINANCIAL SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana.

We have audited the accompanying consolidated statement of financial position of Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 2003, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the 2002 consolidated financial statements, and in our report dated November 1, 2002, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 2003, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued a report dated August 28, 2003 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplemental information (Schedules 1 through 3) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
August 28, 2003.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2003
(with comparative totals for 2002)

	2003	2002
Assets		
Cash and cash equivalents	$ 1,616,451	$ 933,862
Accounts receivable less allowance for uncollectible accounts	261,365	218,177
Unconditional promises to give	29,500	68,137
Capital Campaign (TelePlex) pledges receivable	1,264,842	1,535,744
Prepaid expenses and deposits	73,533	85,700
Inventory	11,544	5,602
Investments	2,190,172	2,291,459
Property and equipment, net of accumulated depreciation	3,057,222	2,168,899
Total assets	$ 8,504,629	$ 7,307,580
Liabilities		
Accounts payable and accrued expenses	$ 161,726	$ 286,491
Funds held for others	1,288,717	1,172,781
Unearned revenue	-	-
Notes payable to bank	2,497,823	1,318,299
Total liabilities	3,948,266	2,777,571
Commitments and Contingencies (Notes 3 and 10)	-	-
Net Assets		
Unrestricted	2,036,915	2,193,722
Temporarily restricted	1,571,564	1,388,403
Permanently restricted	947,884	947,884
Total net assets	4,556,363	4,530,009
Total liabilities and net assets	$ 8,504,629	$ 7,307,580

See notes to consolidated financial statements.

Exhibit B

CONSOLIDATED STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2003
(with comparative totals for 2002)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2003	Totals 2002
Support and Revenues					
Support:					
Contributions	$ 1,755,503	$ 138,778		$ 1,894,281	$ 3,266,381
Grants from the Corporation for Public Broadcasting	469,522			469,522	368,930
Broadcasting services for Louisiana Educational Television Authority	272,209			272,209	220,209
Other grants	170,015	107,163		277,178	125,141
Other support	106,588			106,588	118,965
In-kind support	328,097			328,097	320,636
Revenues:					
Auction sales, net	523,777			523,777	532,816
Cookbook sales, net	2,626			2,626	289
Miscellaneous	57,717			57,717	
Contract and production services	2,007,399			2,007,399	1,233,647
Investment income (loss)	76,612	22,316		98,928	(98,876)
Total support and revenues	5,770,065	268,257		6,038,322	6,088,138
Net assets released from restrictions:					
Expiration of time restrictions	85,096	(85,096)		-	-
Total support, revenues, and other support	5,855,161	183,161		6,038,322	6,088,138
Expenses					
Program services	4,217,492			4,217,492	3,860,465
Management and general	775,668			775,668	770,199
Development	1,018,808			1,018,808	1,106,767
Total expenses	6,011,968			6,011,968	5,737,431
Increase (Decrease) in Net Assets	(156,807)	183,161		26,354	350,707
Net Assets					
Beginning of year	2,193,722	1,388,403	$ 947,884	4,530,009	4,179,302
End of year	$ 2,036,915	$ 1,571,564	$ 947,884	$ 4,556,363	$ 4,530,009

See notes to consolidated financial statements.

Exhibit C

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2003
(with comparative totals for 2002)

	Program Services	Supporting Services		Total Expenses	
		Management and General	Development	2003	2002
Advertising	$ 34,097	$ 4,502	$ 1,092	$ 39,691	$ 37,319
Bad debt expense				-	16,375
Board of trustees' expenses		319		319	665
Building and grounds maintenance		46,199		46,199	33,145
Building rental		49,401		49,401	49,402
CPB Teleplex Expenses			16,959	16,959	113,986
Direct mail solicitation			66,149	66,149	39,727
Donated goods and services		32,752		32,752	24,255
Employee travel and other personnel costs	83,719	34,533	9,420	127,672	184,082
Equipment rental and maintenance cost	608,362	10,178	19,482	638,022	272,821
Insurance	140,539	26,160	9,276	175,975	141,805
Interest		82,919		82,919	99,730
Membership premiums			103,529	103,529	123,352
Office supplies	12,446	11,530	15,508	39,484	42,037
Other expenses	40,703	4,759	44,900	90,362	74,680
Postage and shipping	17,133	5,455	58,373	80,961	87,643
Printing	43,954	57	52,961	96,972	101,525
Production costs	64,168		17,342	81,510	86,035
Professional services	78,813	41,434	84,015	204,262	316,645
Program rental fees	501,743			501,743	539,892
Salaries, payroll taxes and employee benefits	1,763,660	399,686	466,521	- 2,629,867	2,404,936
Station dues	102,135			102,135	52,291
Taxes	1,512			1,512	2,896
Telephone	37,210	8,711	36,208	82,129	81,920
Tower rental	120,000			120,000	120,000
Utilities	129,198			129,198	126,148
	3,779,392	758,595	1,001,735	5,539,722	5,173,312
Depreciation and amortization	438,100	17,073	17,073	472,246	564,119
Total functional expenses	$ 4,217,492	$ 775,668	$ 1,018,808	$ 6,011,968	$ 5,737,431

See notes to consolidated financial statements.

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2003
(with comparative totals for 2002)

	2003	2002
Cash Flows From Operating Activities		
Increase in net assets	$ 26,354	$ 350,707
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	472,246	564,119
Provision for recoveries on receivables	(60,670)	(18,820)
Realized and unrealized gains on investments	(36,991)	169,562
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	56,120	83,808
Capital campaign receivables	270,902	(1,535,744)
Prepaid expenses and deposits	12,167	20,768
Inventory	(5,942)	358
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(124,765)	139,652
Funds held for others	115,936	1,172,781
Unearned revenue	-	(26,191)
Net cash provided by operating activities	725,357	921,000
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	234,272	148,294
Purchases of investments	(95,997)	(110,821)
Purchases of property and equipment	(1,360,568)	(201,325)
Net cash used in investing activities	(1,222,293)	(163,852)
Cash Flows From Financing Activities		
New borrowings	2,329,000	439,000
Payments on notes payable	(1,149,475)	(439,179)
Net cash provided by (used in) financing activities	1,179,525	(179)
Net increase in cash and cash equivalents	682,589	756,969
Cash and Cash Equivalents		
Beginning of year	933,862	176,893
End of year	$ 1,616,451	$ 933,862

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2003

Note 1 - NATURE OF ACTIVITIES

WYES-TV is a community-owned, nonprofit public television station serving a total market area of 1.7 million viewers in the Metropolitan New Orleans, Southeastern Louisiana, and Mississippi Gulf Coast Regions. Affiliated with the Public Broadcasting Service, WYES-TV is licensed to the Greater New Orleans Educational Television Foundation and governed by a board of trustees comprised of civic-minded individuals and distinguished community leaders.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Greater New Orleans Educational Television Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana to provide educational television broadcast service to the New Orleans area. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5). Net operating profits from unrelated business income are subject to Federal income tax.

Effective July 1, 1982, the Foundation incorporated a wholly-owned subsidiary, Yescom Enterprises, Inc. (Yescom). The purpose of this corporation is to engage primarily in providing remote production services to third parties on a for-profit basis. All revenues generated by Yescom are dedicated to the Foundation and are used to fulfill the Foundation's exempt purpose.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

The consolidated financial statements of the Greater New Orleans Educational Television Foundation and Subsidiary are prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

c. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and Subsidiary and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

d. Consolidation

The accompanying consolidated financial statements show the combined assets, liabilities, and transactions of the Foundation and its subsidiary. All intercompany transactions and balances have been eliminated in consolidation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

f. Investments

Investments are carried at fair market value, based on quoted market prices for the investments.

g. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. For the year ended June 30, 2003, all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

h. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

i. Allowance for Uncollectible Accounts

The Foundation provides for estimated uncollectible accounts receivable on a specific account basis as determined by management. The allowance for doubtful accounts was $35,510 and $96,180 at June 30, 2003 and 2002, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Inventory

The inventory of cookbooks held for sale is carried at lower of cost or market as determined under the first-in, first-out (FIFO) method.

k. Property and Equipment

The Foundation records all property and equipment acquisitions at cost except for those donated to the Foundation, which are recorded at estimated value as of the date of donation. Such donations are reported as unrestricted support. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment acquired with funds received through grants or contributions which stipulate a time period for the asset to be maintained are reported as temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets for expiration of time restrictions as the assets are depreciated or the time period expires.

Depreciation and amortization are determined using the straight-line method and are intended to write-off the cost of the property and equipment over their estimated useful lives.

l. In-Kind Support

On June 8, 1970, the Foundation exchanged operating frequencies with WVUE, a station owned and operated at that time by Screen Gems Broadcasting of Louisiana, Inc. The exchange agreement required certain items of compensation to be paid to the Foundation. One of the stipulated items of compensation was the lease of the transmitter facilities at a nominal amount of rent. The Foundation's policy is to record the appraised rental value as revenue and recognize a corresponding amount as an expense of fulfilling its exempt purposes. An independent appraisal was used

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. In-Kind Support (Continued)

to establish the value of this lease. The Foundation also records as support and expenses the in-kind value of maintenance, utilities and other direct costs of the transmission facilities based on the actual costs incurred as reported by the lessor. The Foundation records the value of the substantially free use of the land occupied by its studio and office building and recognizes a similar amount as expense.

The Foundation annually conducts two auctions to sell contributed and purchased merchandise and other items. Gross auction revenue of $543,988 includes all proceeds received from auction sales and cash contributions received by the Foundation for support of the auctions. Cost of merchandise sold of $20,211 includes the cost of items purchased by the Foundation. Net auction revenue of $523,777 is reported on the consolidated statement of activities.

m. Program Rental Fees

Costs incurred for the acquisition of programs are amortized by an accelerated method until subsequent broadcasts have negligible benefit.

n. Unemployment Benefits

In lieu of unemployment tax contributions, the Foundation has elected under the Louisiana Employment Security Law to reimburse the State of Louisiana for benefits paid by the State and charged against the account of the Foundation. The Foundation recognizes this expense in the period for which the benefits are billed by the State.

o. Allocated Expenses

The costs of providing the various programs and other activities are summarized in the consolidated statement of functional expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Statement of Cash Flows

The Foundation considers investments in money market funds to be cash equivalents, except for money market funds maintained in the Charles Schwab & Co. Institutional Account and at Fidelity Investments which are reported as investments (Note 6).

Note 3 - RESTRICTIONS ON ASSETS

Temporarily restricted and permanently restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Cash and investments raised through the Capital Campaign (1983) and the Capital Campaign (TelePlex) are restricted for the acquisition of property and equipment. Restrictions on such funds are considered to expire when payment for the designated purpose is made.

In prior years, the Foundation was awarded two grants by the U.S. Department of Commerce Public Telecommunications Facilities Program which funded certain percentages of the cost of new equipment. The terms of these grants provide for repayment under certain conditions which generally relate to a change in ownership from nonprofit to proprietary or changes in uses of assets acquired with grant funds. The restrictions apply during a ten-year period beginning on the date of the grant. All of these restricted periods have expired.

Temporarily restricted net assets at June 30, 2003 and 2002 are available for the following purposes or periods:

	2003	2002
Capital Campaign (TelePlex)	$1,288,717	$1,172,781
CPB TelePlex grant	21,555	38,514
Capital Campaign (1983) contributions to be used for property and equipment acquisitions	108,971	108,971
Equipment to be acquired with grant funds which stipulate a ten-year period of use	107,163	-
Realized and unrealized gains on endowment fund	15,658	-
Contributions due for subsequent periods	29,500	68,137
Totals	$1,571,564	$1,388,403

Note 3 - RESTRICTIONS ON ASSETS (Continued)

Permanently restricted net assets are endowment principal of $947,884 which includes cash and investments. Interest and dividends earned from such assets are unrestricted and available for operations. Realized and unrealized gains on such assets are available for future operations and are classified as unrestricted net assets.

Note 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give of $29,500 consist of amounts due from membership drives and program underwriting and is restricted for subsequent periods. All amounts are due within one year.

Note 5 - CAPITAL CAMPAIGN (TELEPLEX) PLEDGES RECEIVABLE/ FUNDS HELD FOR OTHERS

During the year ended June 30, 2002, WYES-TV entered into a Capital Campaign with WLAE-TV. The purpose of the campaign is to raise funds to build a digital broadcasting center on the lakefront campus of the University of New Orleans. The stations are committed to raise $4 million. Additional funding will come from the State of Louisiana and the Federal Government. WYES-TV is responsible for raising funds from the local community and WLAE-TV is responsible for governmental funding.

As of June 30, 2003, the stations have raised pledges of $2,619,833. Donor payments of $1,293,163 have been received.

Pledges received	$2,619,833
Less discount	(61,828)
Pledge revenue	2,558,005
Less cash received	(1,293,163)
Pledges receivable at June 30, 2003	$1,264,842

Management deems these pledge receivables to be substantially all collectible and therefore no allowance for doubtful pledges has been recorded.

Note 5 - CAPITAL CAMPAIGN (TELEPLEX) PLEDGES RECEIVABLE/ FUNDS HELD FOR OTHERS (Continued)

The expectation is that the equipment purchased will be owned jointly with WLAE-TV, with each owning fifty percent. Pledges to the Capital Campaign and interest earned on invested funds are allocated fifty percent to the Foundation and reported as support and revenue and fifty percent as funds held for others (WLAE-TV), a liability. At June 30, 2003, funds held for WLAE-TV was $1,288,717.

Note 6 - INVESTMENTS

Investments include amounts held in investment accounts at Charles Schwab & Co. and at Marquis Investments, Inc. Details of investments are as follows:

	June 30, 2003	
Investments By Type	Cost	Market Value
Mutual funds	$2,104,604	$1,596,229
Corporate bonds	511,954	563,501
Money market funds	30,442	30,442
Total investments	$2,647,000	$2,190,172

	June 30, 2002	
Investments By Type	Cost	Market Value
Mutual funds	$2,064,953	$1,556,990
Corporate bonds	556,954	587,364
Money market funds	147,105	147,105
Total investments	$2,769,012	$2,291,459

Costs in excess of market values of investments held at June 30, 2003 and 2002 are as follows:

	Cost	Market Value	Excess of Cost Over Market Value
Balances at June 30, 2003	$2,647,000	$2,190,172	$(456,828)
Balances at June 30, 2002	$2,769,012	$2,291,459	(477,553)
Unrealized gains for the year			$ 20,725

Note 6 - INVESTMENTS (Continued)

Investment return for the year ended June 30, 2003 is summarized as follows:

Interest and dividend income	$ 71,937
Unrealized gains for the year	20,725
Realized gains, net	16,266
Custodian fees	(10,000)
Net investment income	$ 98,928

The State of Louisiana has adopted the Uniform Management of Institutional Funds Act. Management has interpreted state law to allow the Board of Trustees to spend the portion of realized and unrealized gains on investments that pertain to endowment principal (permanently restricted) for the purpose for which the endowment fund was established, after considering the long and short term needs of the Foundation, price level trends, and general economic conditions. Such gains are reported as increases in unrestricted net assets. Losses reduce restricted net assets.

Note 7 - PROPERTY AND EQUIPMENT

At June 30, 2003 and 2002, the cost of property and equipment and accumulated depreciation were as follows:

	2003	2002
Remote production equipment (partially mortgaged, Note 8)	$4,589,050	$ 3,231,742
Equipment	5,115,999	5,115,999
Leasehold improvements	733,086	729,826
Office equipment	668,095	668,095
	11,106,230	9,745,662
Less accumulated depreciation	(8,049,008)	(7,576,763)
Net property and equipment	$ 3,057,222	$ 2,168,899

Depreciation expense was $472,246 and $564,119 for the years ended June 30, 2003 and 2002, respectively.

Note 8 - NOTES PAYABLE TO BANK

The Foundation is obligated on a note payable to Whitney National Bank with a balance of $2,147,823 at June 30, 2003. The note is due in sixty equal monthly installments of principal and interest of $41,966 through May 2008. The note bears interest at 5.75% and is secured by mobile unit equipment which was purchased with the proceeds.

Future principal payments to be made on this note is as follows:

Year Ending June 30,	Amounts
2004	$ 390,287
2005	413,330
2006	437,733
2007	463,386
2008	443,087
Total	$2,147,823

The Foundation is obligated to Whitney National Bank under two lines of credit agreements with outstanding balances totaling $350,000 as of June 30, 2003. Interest is payable monthly at 4.75%. The balances are due to be repaid in November 2003.

Note 9 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER

The television studio and office building are located on land leased through January 31, 2035 at $1 per year. An independent appraisal established a fair rental value for the land at approximately $49,400 per year.

The television station transmission tower, antenna, and land are leased through June 7, 2069, at $600 per year. An independent appraisal set a fair rental value for the tower, antenna, and land at approximately $120,000 per year. The in-kind values of direct operating costs are also recorded based on actual costs incurred as reported by the lessor.

The Foundation recorded the value of certain in-kind goods and services received of $32,752 and $24,256 for the years ended June 30, 2003 and 2002, respectively.

Note 9 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER (Continued)

The fair rental values of the above described properties have been recorded as support and expenses in the years ended June 30, 2003 and 2002, respectively, as follows:

	2003	2002
Support		
Studio and office building in-kind rent	$ 49,401	$ 49,400
Transmitter in-kind rent:		
Tower and facility	120,000	120,000
Direct operating costs	125,944	126,980
Other goods and services	32,752	24,256
Total in-kind support	$328,097	$320,636

	2003	2002
Expenses		
Tower rental	$120,000	$120,000
Building rental	49,401	49,400
Donated goods and services	32,752	24,256
Utilities	63,712	62,018
Equipment rental and maintenance cost	54,214	58,912
Insurance	8,018	6,050
Total expenses	$328,097	$320,636

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaigns and programs. No amounts have been reflected in the financial statements because they did not meet the criteria for recognition under Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made.

Note 10 - COMMITMENT

The television studio and office building are located on land leased from the City of New Orleans for a fifty-year period ending January 31, 2035, at $1 per year. The lease requires the Foundation to construct additional permanent leasehold improvements on the property by February 1, 2004, at a minimum cost of $500,000. Approximately $183,000 has been expended for permanent improvements through June 30, 2003. No additional contracts or commitments for construction or additional improvements have been entered into as of June 30, 2003 because the Foundation expects to terminate the lease by February 1, 2004.

Note 11 - UNRELATED BUSINESS INCOME

Revenues from certain projects are considered unrelated business income of a nonprofit organization by the Internal Revenue Service. Any net operating profit derived from such projects are subject to Federal unrelated business income tax.

The Foundation derives revenue from the rental of the remote production vehicle and the studio equipment and facilities to Yescom. This income is reported as unrelated business income in the Foundation's Exempt Organization Business Income Tax Return (Form 990T). For the year ended June 30, 2003, the Foundation reported a profit from its unrelated business income activities of $133,079.

Net operating losses, which are carried forward to reduce any future net operating profits subject to Federal unrelated business income tax, will expire if not used as follows:

Year Ending June 30,	
2012	$101,702
2013	152,375
2019	216,796
2020	118,486
2021	103,389
2022	36,189
Total	$728,937

Note 12 - SUBSIDIARY NET OPERATING LOSSES

Yescom Enterprises, Inc. (Yescom), the Foundation's wholly-owned subsidiary, derives income by providing remote production services with the remote production vehicle, production services at the Foundation's facility, and other services to third parties. This income is reported in Yescom's U.S. Corporation Income Tax Returns.

Yescom's operations resulted in net income of $33,252 after deduction of expenses allocated to the project, which all pertains to Yescom Enterprises, Inc., at June 30, 2003. The remaining Federal and Louisiana net operating loss carryforward, after absorbing current year net income, is $14,837. This amount can be carried forward to reduce any future net operating profits subject to income taxes and will expire if not used by the year ending June 30, 2022.

Note 13 - BROADCAST HOURS

Broadcast hours of the television station were 8,760 (unaudited) for the year ended June 30, 2003.

Note 14 - RETIREMENT PLAN

The Foundation has a retirement program whereby its employees participate in the TIAA-CREF Retirement Annuity Program, a Tax-Sheltered Annuity. The program requires the Foundation to match the 3% contribution of an employee with a 7% contribution. As of June 30, 2003, twenty-eight employees were participating in the program. Retirement expenses under this plan amounted to $64,586 and $60,171 for the years ended June 30, 2003 and 2002, respectively.

Note 15 - CASH FLOWS INFORMATION

Cash payments of interest during the years ended June 30, 2003 and 2002 were $82,919 and $99,730, respectively.

SUPPLEMENTAL INFORMATION

Schedule 1

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2003

	Foundation	Yescom	Eliminations	Totals
Assets				
Cash and cash equivalents	$ 1,589,541	$ 26,910		$ 1,616,451
Accounts receivable less allowance for uncollectible accounts	194,763	66,602		261,365
Unconditional promises to give	29,500			29,500
Capital campaign pledges receivable	1,264,842			1,264,842
Prepaid expenses and deposits	71,947	1,586		73,533
Inventory	11,544			11,544
Investments	2,190,172			2,190,172
Property and equipment, net of accumulated depreciation	3,057,222			3,057,222
Investment in Yescom (subsidiary)	10,000		$ (10,000)	-
Due from subsidiary	131,788		(131,788)	-
Total assets	$ 8,551,319	$ 95,098	$ (141,788)	$ 8,504,629
Liabilities				
Accounts payable and accrued expenses	$ 125,272	$ 36,454		$ 161,726
Fund held for others	1,288,717			1,288,717
Notes payable	2,497,823			2,497,823
Due to parent		131,788	$ (131,788)	-
Total liabilities	3,911,812	168,242	(131,788)	3,948,266
Net Assets and Capital Deficiency				
Common stock		10,000	(10,000)	-
Net assets (deficit):				
Unrestricted and accumulated deficit	2,120,059	(83,144)		2,036,915
Temporarily restricted	1,571,564			1,571,564
Permanently restricted	947,884			947,884
Total net assets and capital deficiency	4,639,507	(73,144)	(10,000)	4,556,363
Total liabilities, net assets and capital deficiency	$ 8,551,319	$ 95,098	$ (141,788)	$ 8,504,629

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2003

	Foundation	Yescom	Eliminations	Totals
Changes in Unrestricted Net Assets				
Support and revenues:				
Support:				
Contributions	$ 1,755,503			$ 1,755,503
Grants from the Corporation for Public Broadcasting	469,522			469,522
Broadcasting services for Louisiana Educational Television Authority	272,209			272,209
Other grants	170,015			170,015
Other support	106,588			106,588
In-kind support	328,097			328,097
Revenues:				
Auction sales, net	523,777			523,777
Cookbook sales, net	2,626			2,626
Miscellaneous		$ 57,717		57,717
Contract and production services	525,199	1,962,200	$ (480,000)	2,007,399
Investment income	76,612			76,612
Total unrestricted support and revenues	4,230,148	2,019,917	(480,000)	5,770,065
Net assets released from restrictions:				
Expiration of time restrictions	85,096			85,096
Total unrestricted support, revenues, and other support	4,315,244	2,019,917	(480,000)	5,855,161
Expenses:				
Program services	2,777,468	1,920,024	(480,000)	4,217,492
Management and general	709,027	66,641		775,668
Development	1,018,808			1,018,808
Total expenses	4,505,303	1,986,665	(480,000)	6,011,968
Increase (decrease) in unrestricted net assets	(190,059)	33,252	$ -	(156,807)

Schedule 2
(Continued)

	Foundation	Yescom	Eliminations	Totals
Changes in Temporarily Restricted Net Assets				
Support:				
Contributions	29,500			29,500
Capital campaign pledges	109,278			109,278
Teleplex - government grant	107,163			107,163
Endowment gains on investments	15,658			15,658
Interest on capital campaign pledges	6,658			6,658
Total support	268,257			268,257
Net assets released from restrictions	(85,096)			(85,096)
Increase in temporarily restricted net assets	183,161			183,161
Changes in Permanently Restricted Net Assets	-			-
Increase (Decrease) in Net Assets	(6,898)	33,252		26,354
Net Assets (Deficit)				
Beginning of year	4,646,405	(116,396)		4,530,009
End of year	$ 4,639,507	$ (83,144)		$ 4,556,363

Schedule 3

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues				
Support:				
Contributions:				
Membership and general	$ 1,175,248	$	$	$ 1,175,248
Capital campaign		109,278		109,278
Major gifts	148,264			148,264
Program underwriting	222,727	29,500		252,227
National production underwriting	150,000			150,000
Support from commercial station	59,264			59,264
Total contributions	1,755,503	138,778	-	1,894,281
Grants from the Corporation for Public Broadcasting	469,522			469,522
Broadcasting services for Louisiana Educational Television Authority	272,209			272,209
Other grants:				
Grants - foundations and agencies	155,998			155,998
Teleplex - government grant		107,163		107,163
Training grants	14,017			14,017
Total other grants	170,015	107,163		277,178
Other support:				
Special events	79,727			79,727
Miscellaneous	26,861			26,861
Total other support	106,588			106,588
In-kind support:				
Rent:				
Transmitter	245,944			245,944
Land	49,401			49,401
Goods and services	32,752			32,752
Total in-kind support	328,097			328,097
Total support	3,101,934	245,941	-	3,347,875

Schedule 3
(Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues				
Total support (carried forward)	3,101,934	245,941	-	3,347,875
Revenues:				
Auction sales, net	523,777			523,777
Cookbook sales, net	2,626			2,626
Miscellaneous	57,717			57,717
Contract and production services:				
Production services	123,308			123,308
Contract services	1,838,892			1,838,892
Tower rental	45,199			45,199
Total contract and production services	2,007,399			2,007,399
Investment income (loss)				
Interest income, net of custodian fees	55,279	6,658		61,937
Net unrealized gains on investments	11,952	8,773		20,725
Net realized gains on investments	9,381	6,885		16,266
Total investment income (loss)	76,612	22,316		98,928
Total revenues	2,668,131	22,316		2,690,447
Total support and revenues	$ 5,770,065	$ 268,257	$ -	$ 6,038,322

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana.

We have audited the consolidated financial statements of Greater New Orleans Educational Television Foundation and Subsidiary as of and for the year ended June 30, 2003, and have issued our report thereon dated August 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greater New Orleans Educational Television Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greater New Orleans Educational Television Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide

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assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
August 28, 2003.

SCHEDULE OF FINDINGS

Greater New Orleans Educational Television Foundation

For the year ended June 30, 2003

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? __ yes X no
- Reportable condition(s) identified that are not considered to be material weakness __ yes X none reported

Noncompliance material to financial statements noted? __ yes X no

b) Federal Awards

Greater New Orleans Educational Television Foundation did not receive federal awards during the year ended June 30, 2003.

Section II - Financial Statement Findings

There were no financial statement findings required to be reported for the year ended June 30, 2003.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Greater New Orleans Educational Television Foundation

For the year ended June 30, 2003

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 2002.
No reportable conditions were reported during the audit for the year ended June 30, 2002.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2002.

Section II - Internal Control and Compliance Material To Federal Awards

Greater New Orleans Education Television Foundation did not receive federal awards during the year ended June 30, 2002.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2002.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Greater New Orleans Educational Television Foundation

For the year ended June 30, 2003

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 2003.
No reportable conditions were reported during the audit for the year ended June 30, 2003.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2003.

Section II - Internal Control and Compliance Material To Federal Awards

Greater New Orleans Educational Television Foundation did not receive federal awards during the year ended June 30, 2003.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2003.